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INFORMATION REPORT INFORMATION REPORT

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REPORT

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COUNTRY USSR/Austria

DATE DISTR. 27 Apr 55

SUBJECT 1. Organization of GUSIMZ
2. Organization of USIA with Emphasis
on A/O Kabel Division

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I. Organization of GUSIMZ

1. The Chief Directorate for Soviet Property Abroad (GUSIMZ) was created soon after World War II to control former German and Japanese plants and firms which were located in Soviet-occupied areas. (See page 17 for organizational chart.) In 1950 GUSIMZ was directly subordinate to the Council of Ministers and had the following directorates:
 - a. First Directorate - The Directorate for Soviet Property in Germany (USIG)
 - b. Second Directorate - The Directorate for Soviet Property in Austria (USIA)
 - c. Third Directorate - According to source, the Third Directorate included:
 - (1) The Directorate for Soviet Property in Hungary (USIV)
 - (2) The Directorate for Soviet Property in Bulgaria (USIB?)
 - (3) The Directorate for Soviet Property in Rumania (USIR?)
 - d. The Directorate for China¹
 - e. The Directorate for Finland¹

Source could provide no further details on the breakdown of GUSIMZ.

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2. In 1952 the offices of GUSIMZ were located in a large (seven or eight-story) brick and masonry building on Chkalovskaya Ulitsa in Moscow approximately 400 m. from the Kursk RR Station. A large sign in front of the building proclaimed this to be the office of Chief Directorate of Soviet Property Abroad attached to the Council of Ministers of the USSR. Source believed several smaller buildings behind this main structure also belonged to GUSIMZ.
3. Late in 1953 or early in 1954, GUSIMZ was made subordinate to the Ministry of Foreign Trade under I.G. Kabanov as part of Malenkov's ministerial reorganization scheme. In September or October 1954, GUSIMZ was one of several organizations which suffered a drastic cut in personnel during Malenkov's economy drive.² At this time source claims GUSIMZ lost about 75 percent of its staff personnel in Moscow. Part of the work force which was left remained in the same building and part was transferred to another building in Moscow. As of December 1954, there were only three directorates remaining which were subordinate to GUSIMZ. These were: the Directorate for China (Upravleniye po Kitaya); the Directorate for Mining and Mineral Resources (Gorno-Rudnoye Upravleniye); and the Directorate for Austria and Finland (Upravleniye po Avstrii i Finlyandii).
 - a. Directorate for China - source could provide no information concerning this directorate but he recalled hearing that it was still in existence
 - b. Directorate for Mining and Mineral Resources - this directorate was formed in October 1952 when USIV was liquidated. At this time while other USIV enterprises were sold to the Hungarian Government, joint Hungarian-Soviet stock companies were formed of all USIV and Hungarian-owned mining and petroleum enterprises. These companies, however, were actually controlled by the Soviets and were subordinate to the Directorate for Mining and Mineral Resources of GUSIMZ. Petroleum and mining enterprises and organizations in East Germany, Rumania, Bulgaria, Austria and Finland were also subordinate to this directorate. Source believes that the Soviet Petroleum Directorate (SMU) in Austria was subordinate to this Directorate of GUSIMZ and not to the Directorate for Austria and Finland.
 - c. Directorate for Austria and Finland - source believes that all Soviet economic organizations in Austria and Finland other than those controlling mining and petroleum enterprises and the Military Bank in Austria were subordinate to this directorate of GUSIMZ.

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Soviet Economic Organizations in Austria

4. There were seven Soviet economic organizations in Austria which altogether employed between 1,100 and 1,200 Soviet employees in addition to tens of thousands of Austrian workers. About 85 percent of the Soviets and better than 95 percent of the Austrians employed were CP members. These organizations were known as: the Directorate for Soviet Property in Austria (USIA); the Military Bank; the Central Commercial Office; the Danube Shipping Directorate; the Lumber and Agricultural Directorate; the Soviet Petroleum Directorate (SMU); and Vienna Film.
 - a. USIA was the principal Soviet economic organization in Austria, employing between 550 and 600 Soviet and perhaps 25,000 Austrian personnel, the vast majority of whom worked

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in subordinate plants. It was created in 1947 to control former German industrial plants and merchandising firms in Austria which had been taken over by the Soviets after World War II.

- b. The Military Bank was the only Soviet Bank in Austria and was subordinate to the State Bank of the USSR (Gosbank) but had close ties with GUSIMZ. All financial dealings which involved Soviet enterprises in Austria were handled through this bank. USIA plant directors were permitted to keep only up to 5,000 schillings in cash overnight at the plant for daily needs. Anything above this amount which the plant may have received during the course of the day had to be deposited at the Military Bank by the same evening.³
- c. The Central Commercial Office (Tsentralnaya Kommercheskaya Kontora - TsKK) source claimed to know very little about, but he believed it was on an organizational level with USIA rather than subordinate to USIA.⁴ He thought the principal functions of the TsKK were as follows:
- (1) To transact all trade negotiations which involved either extended monetary payments or barter between enterprises of USIA, SMU, and the Directorate for Lumber and Agriculture on the one hand and firms in satellite or foreign countries on the other. Most transactions between USIA enterprises and satellite firms were on a barter basis. Some consumer goods obtained in this way were sold through Voyentorg stores (Soviet PXs) or through stores of the Retail Trade Department (Otdel Roznichnoy Torgovli - ORT) of USIA.
 - (2) To procure strategic materials on the black market. Source had no further information on this aspect of the TsKK's duties. Subordinate to the TsKK was a unit called the Conjecture Bureau (Konyunktturnoye Byuro) which employed two or three Soviets and several Austrian workers. This unit was concerned with price levels, stock quotations, and any worldwide business news. Periodically this bureau issued economic news bulletins in Russian which were meant primarily to aid Soviet officials in Austria. However, these bulletins invariably came out much too late to be of any service to USIA plant directors; therefore, the latter relied on their own commercial experts in the plants to keep abreast of market trends, availability of material, price levels, etc. in Austria and in other countries.
- d. The Directorate of Danube Shipping controlled all former German vessels and possibly some port facilities along the Danube River. Source knew nothing further about this directorate except that he thought the principal cargo carried was probably petroleum.
- e. The Lumber and Agriculture Directorate controlled former German agricultural and timber lands in Austria. Part of the lumber obtained was used for the needs of USIA enterprises, some was sold in Austria and the rest was sold abroad. The agricultural land was rented to Austrian farmers.
- f. SMU, which controlled all petroleum extraction and refining enterprises in Austria as well as the sale and distribution of petroleum products in Austria and abroad, was subordinate to the Mining and Mineral Resources Directorate of GUSIMZ.

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Since 1953, SMU has been the only really profitable Soviet economic organization in Austria and, therefore, was the primary source of income for maintaining the CGF in Austria.

- g. Vienna Film was a former German motion picture concern which was taken over by the Soviets after World War II. The director of Vienna Film and his principal deputies were Soviets while the rest of the staff, including most of the technicians, actors, etc., were Austrians. This was a relatively small concern which produced movies in the German language which were shown in Austria and possibly to some extent in the satellites. The films were not of a propaganda nature but were produced purely for commercial purposes. The technical direction, photography, and props used were exceptionally poor and the films were not at all popular. Source believed that Vienna Film, like the TsKK, was not subordinate to USIA but was on an organizational level with USIA and SMU though it was much smaller and considerably less important than the latter organizations.

Recent Important Changes

5. Prior to 1953 the activities of Soviet economic organizations such as USIA, SMU, etc. which were subordinate to GUSIMZ were practically uncoordinated in Austria. There was an office in Austria subordinate to GUSIMZ which gathered data on all Soviet organizations and submitted periodic statistical reports to GUSIMZ, but this office had no directional authority over these organizations, could not settle disputes between them, and could not coordinate the overall Soviet economic effort in Austria. In the latter part of 1953, a central controlling office was finally established. The head of this office was Zhelnin, who was the plenipotentiary of the Minister of Foreign Trade. Zhelnin had a Soviet staff of about 15 individuals and was granted directional authority over all Soviet economic organizations in Austria with power to make on-the-spot decisions on most matters and send reports directly to the Minister of Foreign Trade, avoiding regular GUSIMZ channels whenever necessary in order to speed up action on important matters and avoid bureaucratic red tape.
6. The creation of this position and the arrival of Zhelnin and his staff was hastened by the following developments: Following Stalin's death and Beriya's downfall, the Soviet Government suddenly sharply curtailed the purchase of goods from USIA plants. Many of these plants which had been operating profitably on the basis of Soviet orders were faced with an almost complete financial catastrophe. Some of these plants which had been shipping as much as 90 percent of their production to the USSR suddenly found themselves with Soviet orders which amounted to no more than 10 percent of their production. Plant directors were told to find markets elsewhere, in Austria, the satellites, and in the West. However, most plants had difficulty replacing Soviet orders because of the following reasons:
 - a. Very little capital had been invested in Soviet plants in Austria since the war to replace old machinery with better, modern equipment.
 - b. Competition from non-Soviet plants in Austria and throughout the West had meanwhile grown much stronger.
 - c. USIA officials in general and Soviet plant directors in particular, who had been producing goods almost exclusively for the Soviet Union, had very little or no idea of how to compete on the capitalist market.

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At first, most of these plants continued to work at their previous rate of production; but, since they were not able to find markets readily, most of the goods were sent to warehouses. Meanwhile, the Military Bank began to grow short of funds and would advance no more credit to these plants. Finally, many of the plants were forced to release a considerable number of their Austrian employees and to sell goods at a heavy loss, which in some instances amount to 50 percent. Source estimated that the total number of Austrian employees released by USIA grew to about 10,000 by the middle of 1954.

7. As a result of all this, many Soviet USIA officials were replaced during the latter part of 1953 and 1954. Because the organization had ceased to be profitable, Malenkov recommended that USIA enterprises be sold to the Austrian Government. However, principally for political reasons it was decided to discard this idea; instead, a three-year rebuilding plan was put into effect with actual work commencing in 1954 to remodel USIA plants, improve workers' living and working conditions, install modern equipment and machinery, etc. The principal aims of this plan were to make Soviet plants in Austria Communist showplaces, put them on a competitive level with similar plants throughout the world, and strengthen the Soviet position in Austria politically and economically.⁵

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8. [redacted] it said openly that the office of the Plenipotentiary of the Minister of Foreign Trade in Austria was to be abolished as of 1 January 1955. He believes the reason for this may be that Zhelnin, like most other Soviet officials in Austria from plant directors on up, was afraid to use any initiative in making independent decisions. This situation was the natural outgrowth of large staff reductions in GUSIMZ and other government organizations in the USSR by Malenkov. Everyone was afraid to exercise initiative because if he should be wrong he would be removed from his position. This fear of making independent decisions prevailed all the way up the line to the Minister of Foreign Trade. As a result, Moscow was flooded with memoranda requiring decisions. Since only the most important problems could be taken to the Council of Ministers, most of the smaller problems remained untouched, and no action was taken.

II. Organization of USIA

9. USIA is by far the largest of the Soviet economic organizations in Austria. (See page 18 for organizational chart.) The head of this industrial and merchandising complex was Petr Aleksandrovich Gritchin, who came from Moscow early in 1954 and replaced the former head of USIA, Okopov. Directly under Gritchin were two deputies and one assistant. Next in subordination were staff sections and operating divisions. The various USIA plants were under the jurisdiction of these operating divisions. The entire USIA administrative staff from Gritchin to the level of plant directors was located in the large five-story Trattnerhof Building in Vienna.
 - a. Lavrenov, the First Deputy Chief of USIA, replaced Kalashnikov early in 1954. As chief engineer and deputy for technical matters Lavrenov had the following principal responsibilities:

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- 1) Overall responsibility for the condition of machinery and equipment in USIA plants and the approval of plans for capital investment and capital repairs in USIA plants.
 - 2) Supervision of production plan fulfillment by USIA plants.
 - 3) Overall responsibility for safety and fire prevention measures in USIA.
 - 4) Supervision of chief engineers in USIA's staff sections and operating divisions.
 - 5) The production section of USIA was subordinate to Lavrenov.
- b. Anatoliy Kirilovich Krutko, the Second Deputy Chief of USIA, came to Austria from East Germany where he had worked for five years. He replaced Filimonov, the former Second Deputy Chief early in 1954. Krutko had the following principal responsibilities:
- 1) Responsibility for guaranteeing and executing commercial agreements for USIA.
 - 2) Overall responsibility for dispatching salesmen to various countries to obtain orders for USIA plants.
 - 3) Responsibility for the procurement of raw materials.
 - 4) Supervision of the procurement of credit from the Military Bank for USIA administrative units and plants, and the utilization of this credit.
 - 5) The commercial and finance staff sections of USIA were subordinate to Krutko.
- c. Rozhkov, who came to USIA in 1953 from East Germany, was the assistant to Gritchin in charge of USIA personnel matters for both Soviet and Austrian personnel. Rozhkov had a staff of about five to eight assistants whose main functions included watching over the "minds" and behavior of USIA employees, regulating leaves, and setting up foreign language classes for Soviet officials.
10. Altogether there were nine staff sections in the central administration of USIA. Each of these sections had about 10 to 20 employees, less than half of whom were Soviets.
- a. First Section - source did not know who was chief of this section. This section, also known as the "Secret" section (Sekretnyy Otdel), employed about 10 persons - all Soviets, and was a classified documents' registry and repository. The section was located in two rooms on the second floor of the Trattnerhof and included a reading room and a registry room. No Austrians were permitted to enter this section. The procedure for reading any documents was as follows: Any Soviet official who wished to see a document was obliged to show his personal identification to a guard upon entering the reading room. The individual then went to a window of the registry which faced the reading room and requested the particular document he wished to see, which was logged by title and assigned a number. Personal identification was submitted to the clerk behind the window in exchange for the document and returned when the document was brought back. Since personal identification had to be shown to the guard also upon leaving the reading room, no one could walk out

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with a classified document. Documents were handed out on a "need to know" basis. For instance, a Soviet official not in any way connected with production could not normally see a classified document pertaining to production matters unless he could prove his need to see such a document. This proof was usually obtained on the basis of a phone call to his superior.

- b. The Labor and Wage Section (Otdel Truda i Zarplaty). The chief of this section was Kuturkin, who replaced Yershov in the summer of 1953. The section consisted of two or three Soviets as well as several Austrians and performed the following functions:
- 1) Established and controlled wage norms for all Austrian workers in USIA.
 - 2) Authorized pay raises and changes in categories of work for Austrian workers.
 - 3) Set the norms for the number of Austrian workers of different categories in various USIA enterprises.
 - 4) Authorized the issue of special clothing to plant workers.
- c. Administrative-Housekeeping Section (Administrativno - Khozyaystvennyy Otdel - AKhO). The chief of this section, Konovalov, had two or three Soviet employees and several Austrians under him. This section had the following responsibilities:
- 1) Supervision of the char and maintenance staff.
 - 2) Supervision of the upkeep of living quarters and assignment of apartments to USIA employees.
 - 3) Provision and distribution of office supplies.
 - 4) Distribution of non-classified Austrian mail.
 - 5) A dining hall for USIA employees, a nursery for children of USIA employees, and USIA's motorpool, which included a maintenance garage and a fleet of trucks and staff cars, were all subordinate to this section.
- d. Accounting Section (Bukhgalteriya). Iyevlev became chief of this section after the death of the former chief, Shchedrin, in the summer of 1954. There were three or four Soviets in this section in addition to several Austrians. This section obtained balances from the various operational divisions such as A/O Kabel, made out total quarterly and yearly balances for all of USIA, and forwarded these to GUSIMZ through Gritchin and Zhelnin. Austrians worked on all phases of calculation but were given various fictitious figures to add to the balances so as to hide any profit and to reflect a loss. Balances were later corrected by Soviet employees. Source does not believe that these attempted subterfuges really prevented the Austrians from knowing the true picture.
- e. Planning Section (Planovyy Otdel). There were less than 10 employees in this section, 3 or 4 of whom were Soviets. The chief of this section was Ivan Ivanovich Lykov. The principal responsibility of this section was to collect, review, and revise various quarterly and annual economic plans from the A/Os, to prepare consolidated plans for USIA and forward

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these to GUSIMZ for approval. This section also checked on plan fulfillment and reported periodic progress to GUSIMZ. The process worked in the following way:

- 1) Detailed production plans were first prepared by each plant in the USIA complex for the coming year. These were submitted to the planning section of the appropriate A/O, such as A/O Kabel, to which the plant was subordinate.
- 2) The planning section of the A/O checked and revised the plans of its subordinate plants and prepared a consolidated plan which was forwarded to the Planning Section of USIA.
- 3) After review and revision of these plans, the Planning Section of USIA prepared a consolidated plan for all A/Os and forwarded this to the Directorate for Austria and Finland of GUSIMZ.
- 4) After further revision and review, GUSIMZ returned the overall plan to USIA, where it was once more broken down and channeled first through the USIA Planning Section, then through the A/O planning sections, and finally to the plants. The plans drawn up by the plants were supposed to be realistic, based on previous experience and advance estimates, but in actuality they were not, and that for the following reasons: Each higher planning section invariably increased the production plans it reviewed, since it suspected plant directors of deliberately drawing up unrealistic plans in order to be able to fulfill them. Thus, by the time a given production plan reached GUSIMZ, was approved and returned to a plant, it was considerably higher than it had been originally. At the same time, experienced plant directors, knowing this would happen, deliberately drew up low estimates in order that they would be able to fulfill the revised approved plans that would be returned to them. Approved production plans for goods to be shipped to the USSR, of course, received priority handling since they were rigid and had to be fulfilled in terms of the type of item to be produced, the total quantity required, and their total monetary value. The remainder of the overall plan which was approved by GUSIMZ had to be fulfilled only in terms of monetary value of goods produced for USIA as a whole. Therefore, the overall plan could be changed with respect to quantity and types of goods produced. In unusual circumstances it was even possible with approval from GUSIMZ to lower the total USIA production plan in terms of value of goods produced. This happened in 1953 when the USSR drastically reduced its orders and left many USIA plants in dire circumstances. Thus, on paper the yearly plan was always fulfilled. The mechanics of changing approved plans worked in the following way:
 - a) If a plant director who was given a yearly production plan of 50,000,000 Austrian schillings to fulfill discovered after the first or second quarter that it would be impossible for him to fulfill this yearly plan, he would make this known to the general director of the A/O to which his plant was subordinate.
 - b) If the plant director's reasons for not being able to fulfill the plan were justifiable, the general director of the A/O could lower this plan, for example, to 40,000,000 Austrian schillings for this

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plant. At the same time, he would make up the deficit by increasing by 10,000,000 Austrian schillings the plan of some other subordinate plant or plants which looked as though they would overfulfill their plan by that amount. The only thing which concerned the A/O general director was his ability to meet the production plan set for his A/O in terms of total value of goods produced, except for planned production of goods slated for the USSR.

- c) If it became apparent that the A/O general director would not fulfill his plan by the end of the year, he would refer the problem to the Chief of USIA. The latter could then go through the steps outlined above without referring the problem to higher authority as long as the total USIA plan could be fulfilled in terms of monetary value.
- d) If it became apparent that the total USIA plan would fall short, it was up to GUSIMZ to lower the plan.
- f. Legal Section (Yuridicheskii Otdel). The chief of this section was Yuriy Aleksandrovich Utenkov. In addition, there were two or three Soviet employees and three or four Austrians who were lawyers. The principal responsibilities of this section were to advise the Chief of USIA and to assist USIA A/Os with regard to any legal problems which arose. Source knows nothing about this section except that the Soviet lawyers did not have much to do because they were not familiar with Austrian law.
- g. Commercial Section (Kommercheskii Otdel). The chief of this section was Genadiy Fedorovich Lesnov. Source estimated that this section had 15 to 20 employees, less than half of whom were Soviets. Most of these employees were commercial specialists who frequently traveled to satellite countries. The basic responsibilities of this section were as follows:
 - 1) Coordinating and assisting the work of commercial sections in the various A/Os.
 - 2) Assisting USIA enterprises in securing orders from internal (Austrian) and external (Western and satellite) markets, i.e., establishing trade agreements in the name of USIA.
 - 3) Assisting USIA enterprises in obtaining needed materials through trade agreements, particularly those materials which were difficult to obtain on the internal market, such as high quality steel, aluminum, copper, tin, chrome, and lead.
- h. Finance Section (Finansovyy Otdel). There were three or four Soviets employed here. Source did not know the name of the section chief. This section had two principal responsibilities:
 - 1) Checking budgets for commodity-material needs of USIA plants; these were submitted to the USIA Finance Section by the finance sections of the various A/Os. On the basis of approved budgets, credit for working capital (kredit v oborotnyy kapital) was advanced to the plants by the Military Bank.³

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- 2) Closely supervising the finance sections of various A/Os to see that all funds advanced to USIA plants were properly utilized.
1. Production Section (Proizvodstvennyy Otdel). Ivanov was chief of this section, which had about 10 workers, four or five of whom were Soviets. This section had the following principal responsibilities:
 - 1) Gathering periodic information on the extent to which planned production had been fulfilled by individual A/Os; and working out consolidated statistical production reports for all of USIA.
 - 2) Checking on the extent of fulfillment of the plan for capital investment and capital repairs by individual A/Os and working out consolidated reports for all of USIA.
 - 3) Checking on the installation of safety and fire prevention measures throughout USIA.
 - 4) Studying all time, labor, and money-saving suggestions submitted by USIA employees and deciding on the extent of the reward which should be paid for accepted ideas.
11. There were seven operating divisions within the administrative framework of USIA; they were organized according to different branches of industry and were directly concerned with the management of USIA plants within their jurisdiction. These operating divisions were actually called Stock Companies (Aktsionernyye Obshchestva - A/Os), and each had a symbolic name, such as "Cable", "Open Hearth", etc. These seven operating divisions or A/Os were as follows:
 - a. A/O Podëmnik - The general director of this A/O was Cherednichenko. All machine building plants in USIA were subordinate to this division, and it was considered the most important A/O in terms of the total number of workers employed in its subordinate plants and the monetary value of goods produced, which source estimated was in the neighborhood of 2,500,000,000 Austrian schillings per year. The largest plant in this A/O, as well as the largest Soviet plant in Austria, was called "Voyt". This plant produced such items as rolling mills for steel plants, large turbines, cranes, etc. It employed between 2,500 and 3,000 workers and had a yearly output which totaled between 200,000 and 300,000 Austrian schillings.
 - b. A/O Marten - The general director of this A/O was Lyapukhin. All USIA ferrous and non-ferrous metallurgical plants were subordinate to this A/O, including iron foundries, steel rolling mills, and some non-ferrous processing plants. This was considered the second most important A/O with an output which totaled about 2,000,000,000 Austrian schillings in 1954.
 - c. A/O Kabel - The general director of this A/O was Sergey Vasilyevich Gladkiy. It was considered the third most important A/O, the subordinate plants of which had a total output of between 650,000 and 750,000 Austrian schillings in 1954. Plants subordinate to this A/O produced all types of electrical machinery and equipment, cables, photographic equipment, optical equipment, storage batteries, etc.

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- d. A/O Tekstil - Ryzhov was the general director of this A/O until November 1954 when he was removed and sent back to Moscow, supposedly after being accused of sending faulty material to the USSR. Source did not know the name of the new general director. Several textile plants producing yarn and cloth as well as leather goods factories were subordinate to this A/O.
- e. A/O Vkus - Source did not know the general director. Subordinate to this A/O were several sugar refineries as well as alcohol, cognac, and vodka plants and some food canning plants.
- f. A/O Tsement - Medvedev was the general director of this A/O. Cement plants and plants producing various construction materials as well as construction firms were subordinate to this A/O. One of these construction firms was called "POR" and was engaged in the construction of office buildings, homes, schools, bridges, etc., both for USIA and for Austrian concerns.
- g. A/O Lako-Kraska - The general director of this A/O was Fadeyev. Paint and lacquer plants as well as automotive repair plants and bicycle plants were subordinate to this A/O. Prior to 1954, plants under this A/O had been subordinate to two separate A/Os: Lako-Kraska and Auto-Velo. Most of the plants were small and some of them were in such a poor state of repair that large capital investments were needed to make them operate at a profit. The Soviets tried to sell or even give some of these plants to the Austrians but the latter would not accept them. In 1954 some of these plants were closed. As a further economy measure, personnel cuts were made in the administrative A/Os and they were combined into one A/O under the general directorship of Fadeyev.
12. On an administrative level with the A/Os in USIA was the Department of Retail Trade (Otdel Roznitchnoy Torgovli - ORT). Source did not know who the chief of this department was nor did he know the number of its employees. There were well over 100 retail stores subordinate to ORT which sold all types of consumer goods to Austrians. These stores were the main outlets not only for some of the consumer goods produced by USIA enterprises but also for goods obtained from satellite countries through barter trade agreements with USIA plants. Since articles obtained from satellite countries in this manner were brought into Austria without any import duties, goods were ordinarily sold in ORT stores up to 25 percent cheaper than in Austrian stores. Sometimes prices on individual items were extraordinarily low. Source recalled that on one occasion in 1954, bicycles obtained from East Germany were selling for 250 Austrian schillings when similar bicycles were selling in Austrian stores for 1,200 to 1,300 Austrian schillings. Source claimed he took advantage of this opportunity to buy two bicycles for himself. On another occasion, radios made in Hungary were selling for 300 Austrian schillings while equivalent radios were sold in Austrian stores for 600 to 800 Austrian schillings. These fantastically low prices were made possible because of tremendous overproduction of some consumer items. For instance, bicycles in East Germany were turned out apparently with no other thought than to fulfill and overfulfill the plan and eventually had to be unloaded at these extremely low prices.
13. All A/Os were organized along the same administrative lines, except that there were a few more people employed in the subordinate sections of the more important A/Os, like Poděmnik and

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Marten, than there were in A/O Tekstil and A/O Lako-Kraska. Since and since this was considered the third most important operating division of the seven A/Os in USIA, it serves as a good typical example. (See page 18 for an organizational chart.) 50X1

a. Organizationally A/O Kabel was set up along the following lines: The General Director of this operating division, Sergey Vasilyevich Gladkiy, had a secretary named Pechatnaya, one deputy, and eight assistants each of whom headed a section. In addition to this, there were 13 subordinate plants. Altogether there were 45 Soviets working in this A/O, of whom 33 were Party members. Twenty-three of the 45 were plant directors and 19 of the 23 were Party members. In addition to this, there were about 30 Austrian employees working in the administrative sections of the A/O and several thousand Austrian employees in the plants.

b. Fëdor Nikiforovich Baranov was chief engineer of A/O Kabel and deputy to General Director Gladkiy. He was chiefly responsible for supervision of the following:

- 1) Capital investment in plants
- 2) Capital repairs in plants
- 3) Safety and fire prevention measures in plants
- 4) Research work in plants
- 5) The quality of production in plants.

He also assisted the director in checking on the fulfillment of planned production in plants subordinate to the A/O.

14. The sections of A/O Kabel were similar to the staff sections of USIA except for the fact that there was no Legal Section, no First Section, and no Administrative-Housekeeping Section. There was, however, in addition to the other regular sections, a Sales-Supply Office. Until September 1954 there had been legal sections in all A/Os but these were liquidated because they were considered unnecessary. The following is an outline of the sections in A/O Kabel.

a. Personnel Section - the chief of this section was Gregoriy Ivanovich Puzyrëv. Puzyrëv's assistant for Austrian personnel was a Soviet named Nikolay Sergeyevich Leonov. An Austrian interpreter and two or three other Austrians also worked in this section. The principal functions of this section were to watch behavior of Soviet personnel in A/O Kabel and its subordinate plants both on and off the job, and to regulate and arrange leave for Soviet personnel. Information on personnel was collected through individual Soviets, chauffeurs, and interpreters, the latter of whom source considers most important because of their extensive contacts and required presence at every meeting which their bosses hold with foreigners. In source's opinion, all ex-Nazi chauffeurs are unquestionably recruited as spies against their bosses. Source feels certain that Puzyrëv, as well as every other Soviet employee of every personnel section in Austria or the Soviet Union, is an employee of the MVD (KGB) assigned to the particular enterprise, division, or section with which he is working. The Personnel Section of A/O Kabel kept personnel files on all Soviets in A/O Kabel with the exception of the chief, whose file was kept in the Personnel Section

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of USIA. Once a year the section wrote a personnel evaluation on every Soviet worker which was read to the worker but not given to him.

- b. Production Section - the chief of this section was Nikolay Savich Volynets. There were two other Soviets in this section: Fedosenko who handled matters pertaining to plant capital investments and capital repairs, and Yevgeniy Aleksandrovich Smykov who handled matters pertaining to labor safety and fire prevention measures, fulfillment of planned production, etc. Four Austrians also worked in this section.
- c. Finance Section - the chief of this section was Aleksandr Ivanovich Iyevlev. Another Soviet named Levchenko and two Austrians also worked in this section. The principal duties of this section were to draw up the financial budgets for A/O Kabel plants in cooperation with plant officials on the basis of which, after approval by the Finance Section of USIA and the Military Bank, working capital was advanced to the plants. This section was also directly responsible for seeing that the plants utilized the advanced credit as prescribed by the approved budget.
- d. Commercial Section - the chief of this section was Nikolay Fedorevich Shikhovtsov. There were three other Soviets in this section, one of whom was named Karyagin, and three Austrians. The principal duties of this section were as follows:
 - 1) Breaking down and distributing orders which came from the USSR to the various plants in A/O Kabel.
 - 2) Seeing that goods ordered for the USSR and satellite countries were produced and dispatched on schedule.
- e. Supply and Sales Office (Snabsbyt Kontora) - this office was sometimes called EVA (Ein-und Verkaufsabteilung der Elektro-industrie) by the Austrians. The chief of this office was Mikhail Vasilyevich Arlashin. One other Soviet worked in this office as well as 10 to 15 Austrians. This office was set up principally to assist plants in the procurement of raw materials and in the sale of finished products not intended for the USSR, through other than ORT channels. It was in effect a trading firm which sent representatives abroad. According to source, this office was a useless bureaucratic appendage. Prior to the establishment of EVA, each plant had its own representatives abroad. These were replaced, however, by EVA men who did not know production problems well enough to deal with foreign firms. In addition, foreign orders had to be processed through this office, thereby making the process so extended and involved that orders were frequently cancelled or never placed because of the length of time taken to make, process, and send out estimates.
- f. Planning Section - the chief of this section was Vasily Nikitich Semin who had one Soviet assistant named Klavdiya Sergeyeva. This section reviewed detailed yearly plans which had been worked out by individual plants, made out a general plan for A/O Kabel, and passed this on to the Planning Section of USIA. Plans received from subordinate plants included production plans, plans for profit, plans for output per worker (in Austrian schillings), and plans for lowering cost of production (in percentages). After these

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plans had been revised and had come back through appropriate channels approved by GUSIMZ, the Planning Section of A/O Kabel, together with planning sections of individual plants, worked out detailed plans for each quarter and each month in terms of types, quantity, and value of goods to be produced. This section also informed the Planning Section of USIA of the fulfillment of the plans on a monthly basis.

- g. Accounting Section - the acting chief of this section was Georgiy Azarevich Andreyev. It was expected that Moscow would send someone to fill this post. There were two other Soviets in this section and 8 or 10 Austrians. This section checked all balance accounts for individual plants and submitted total quarterly and yearly balance accounts for A/O Kabel to the Accounting Section of USIA.
 - h. Wage and Labor Section - the chief of this section was Nazarov. There were four Austrians but no other Soviets in the section. This section received planned figures on the total number of Austrian workers to be employed by A/O Kabel for the coming year from the Wage and Labor Section of USIA, broke this down to individual plants subordinate to A/O Kabel, and submitted needed data to the Planning Section of A/O Kabel. Pay raises to Austrian workers in A/O Kabel plants and norms for the number of workers to be employed in each category were also worked out in this section and submitted for approval to the Wage and Labor Section of USIA.
15. There were 13 plants subordinate to A/O Kabel, eleven of which had Soviet general directors and two of which had Austrian general directors. These were:
- a. Siemens Schuckert I, Vienna II. This plant had a total staff of about 1,100. The planned output for 1955 was about 80,000,000 Austrian schillings. Production included electric motors, transformers, generators, and a great variety of other electrical machinery and apparatus. The Soviet General Director of the plant was Sergey Nikolayevich Dyachkov. The chief engineer, commercial director, and chief accountant in the plant were also Soviets.
 - b. Siemens Schuckert II, Vienna XXI. This plant had a total staff of about 900. The planned output for 1955 was about 10,000,000 Austrian schillings. This had been increased from the original 1954 planned output of 50-55,000,000 Austrian schillings because of a large Soviet order for hydraulic generators.⁶ Production included transformers, generators, and electric motors of all sizes and types. The General Director of the plant was Ivan Stepanovich Khaylov. In addition to the director, the chief engineer and chief accountant were also Soviets.
 - c. AEG-Union, Vienna XXII. This plant had a total staff of about 750. Initially the planned output for 1954 was 50,000,000 Austrian schillings, but this figure was lowered to meet the actual output which was about 42,000,000 Austrian schillings. Production included electric motors, generators up to 25,000 kw, transformers up to 31,500 kva, relays and switches, and various small miscellaneous items. The general director, the chief engineer, and the chief accountant were Soviets.
 - d. Brown Boveri, Vienna X. This plant had a total staff of about 800. The planned output for 1955 was about 55,000,000 Austrian schillings. Production included electric motors,

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generators, transformers, and miscellaneous electrical apparatus. The General Director of this plant was Aleksandr Ivanovich Krupnov. In addition to the director, the chief engineer was also a Soviet.

- e. Wiener Kabel, Vienna XXI. This plant had a total staff of about 1,200. The planned output for 1955 was about 200,000,000 Austrian schillings. Production included principally various types of cable and insulated electric wire. The General Director of this plant was Sergey Ivanovich Ignatyev. In addition to the general director, the chief engineer, commercial director, and chief accountant were also Soviets.
- f. Ariadne, Vienna XXI. This plant had a total staff of about 200. The planned output for 1955 was about 30,000,000 Austrian schillings. Production included cable and various types of insulated wire. Sergey Ivanovich Ignatyev was also the general director of this plant. There were no other Soviet officials.
- g. Sichtermann, Vienna XXV. This plant had a total staff of about 100. The planned output for 1955 was about 20,000,000 Austrian schillings. Production included light cable and insulated wire of all types. The General Director of this plant was Polushkin. There were no other Soviet officials.
- h. Paul Goerz, Vienna X. This plant had a total staff of about 600. The planned output for 1955 was about 40,000,000 Austrian schillings. Production included photographic apparatus, optical apparatus, and electrical measuring instruments. The General Director of this plant was Sergey Afanasyevich Kuznetsov. Besides the director, only the chief engineer was Soviet.
- i. Afa-Varta, Vienna XXV. This plant had a total staff of about 500. The planned output for 1955 was about 100,000,000 Austrian schillings. Production included storage batteries of all types and sizes ranging from automobile to submarine batteries. The General Director of this plant was Fedorenko. The chief accountant was the only other Soviet official.
- j. Eisenbahnsignalwerke, Vienna XX. This plant had a total staff of about 100. The planned output for 1955 was about 8,000,000 Austrian schillings. Production included various types of railroad signal equipment, both electrical and non-electrical. None of the officials in this plant was Soviet.
- k. Elin, Vienna XXV. This plant had a total staff of about 60. The planned output for 1955 was about 10,000,000 Austrian schillings. Production included separate cast iron parts for small motors and generators. A new Soviet General Director arrived in 1954. Source could not remember his name. There were no other Soviet officials in this plant.
- l. Osram, Vienna XXV. This plant had a total staff of about 350. The planned output for 1955 was about 30,000,000 Austrian schillings. Production included all types of electric lamps, fluorescent lamps, light switches, sockets, plugs, etc. The General Director, Ivan Aleksandrovich Andronov, was the only Soviet official in this plant.
- m. Haeusermann - Gars am Kamp. This plant had a total staff of about 45. The planned output for 1955 was about 4,000,000 Austrian schillings. Production included metallic sign plates of various types. No Soviet officials were at this

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plant. Production at all A/O Kabel plants was considerably below peak capacity. This was generally true for all USIA plants. As an example, source estimated that AEG Union of A/O Kabel, which had a planned output of 50,000,000 Austrian schillings, could have fulfilled a plan up to 200,000,000 Austrian schillings if working up to full capacity on a three shift 24-hour day basis.

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1. Comment:  thought that these directorates were numbered six and seven.

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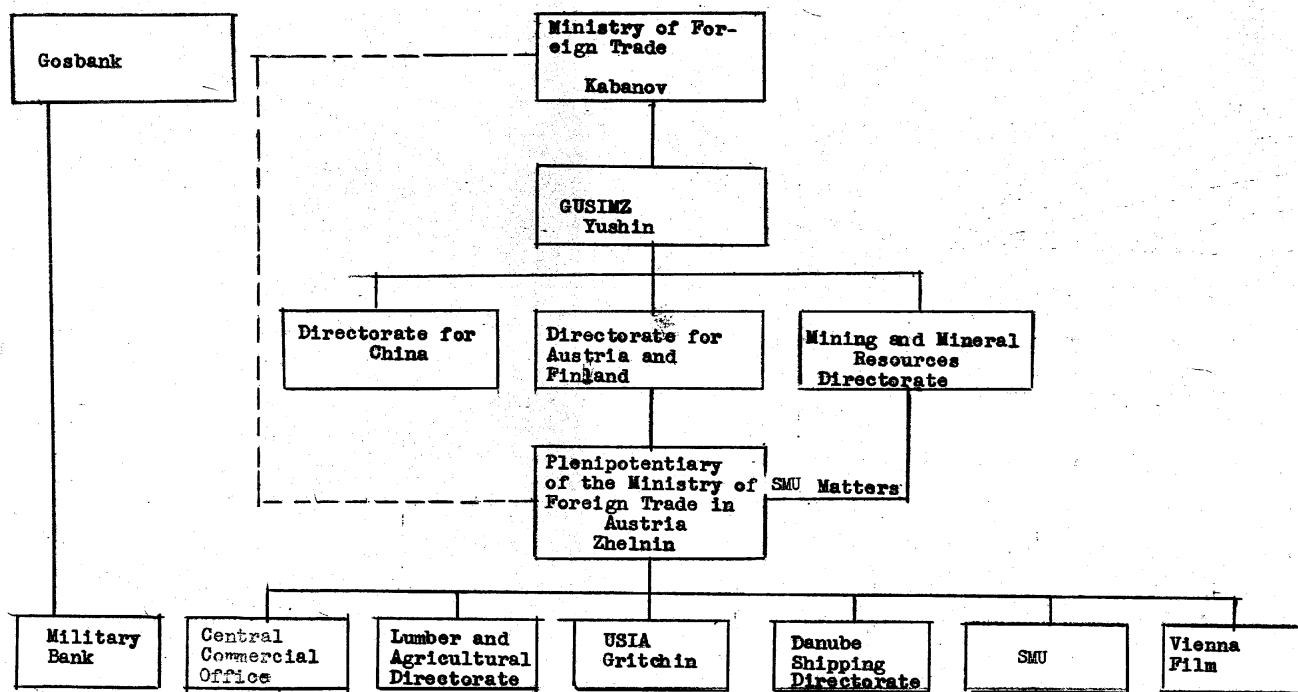
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2. 
- 3.
- 4.
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Organization of GUSIMZ



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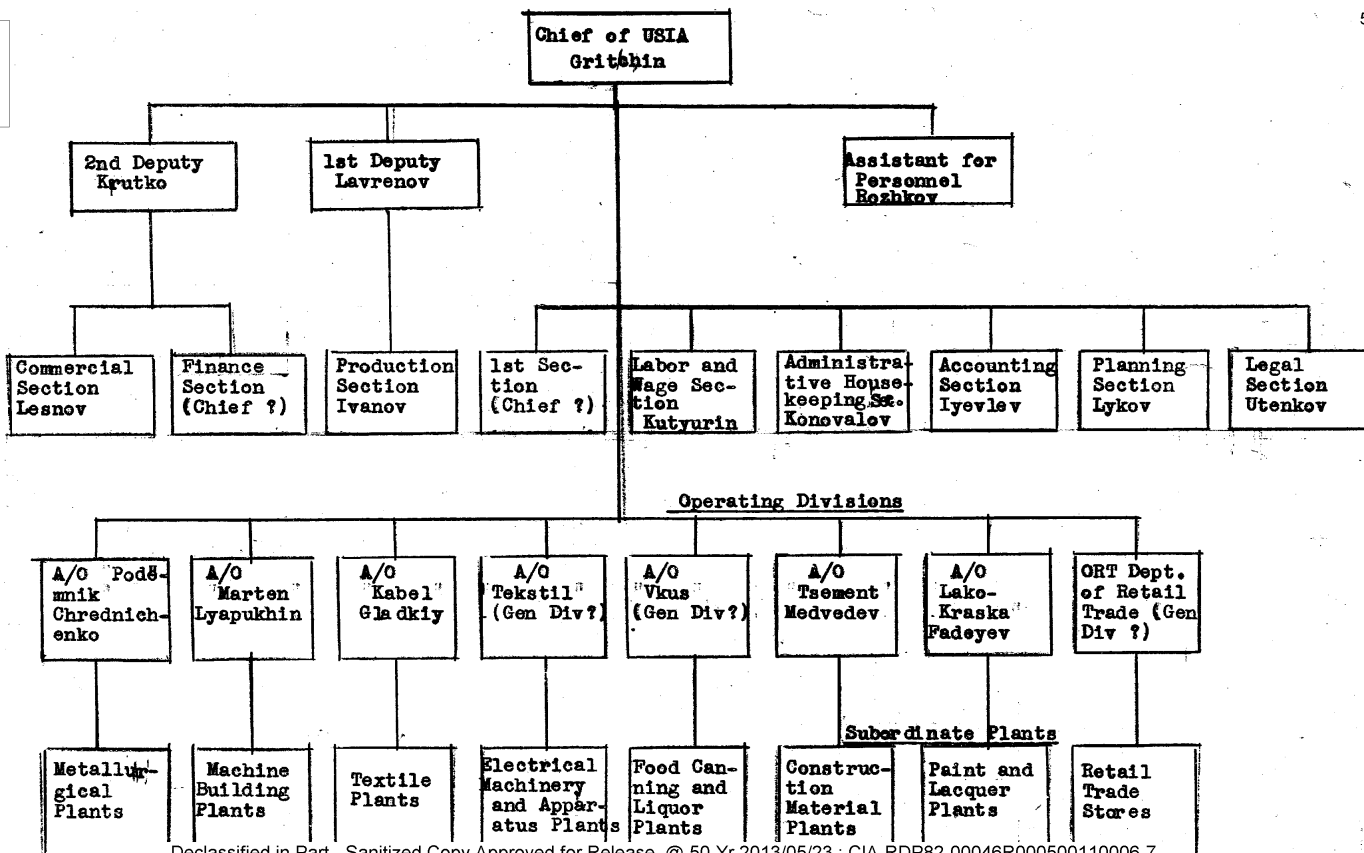
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Organization of USIA

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Organization of AO Kabel

General Director
A/O Kabel
Gladkiy

Chief Engineer
Baranov

Sections

Personnel
Section
Puzyrëv

Production
Section
Volynets

Finance
Section
Iyevlev

Commercial
Section
Shikhovtsov

Supply-Sales
Office (EVA)
Arlashin

Planning
Section
Sëmin

Accounting
Section
Andreyev

Wage and
Labor Section
Nazarov

Siemens-Schuckert-I
Dyachkov

Siemens-Schuckert-II
Khaylov

AEG-Union (Soviet
Gen Dir - Defected
to West, January
1955)

Brown-Boveri
Krupnov

Wiener-Kabel
Ignatyev

Ariadne
Ignatyev

Sichtermann
Polushkin

Paul Goerz
Kuznetsov

Afa-Varta
Fedorenko

Eisenbahnsignal-
werke
Austrian-Gen.Dir.

Elin
Soviet Gen.Dir.

Osram
Andronov

Hausermann
Austrian Gen. Dir.